Panama Canal – New Locks and New Opportunities?

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State Economies and Transportation

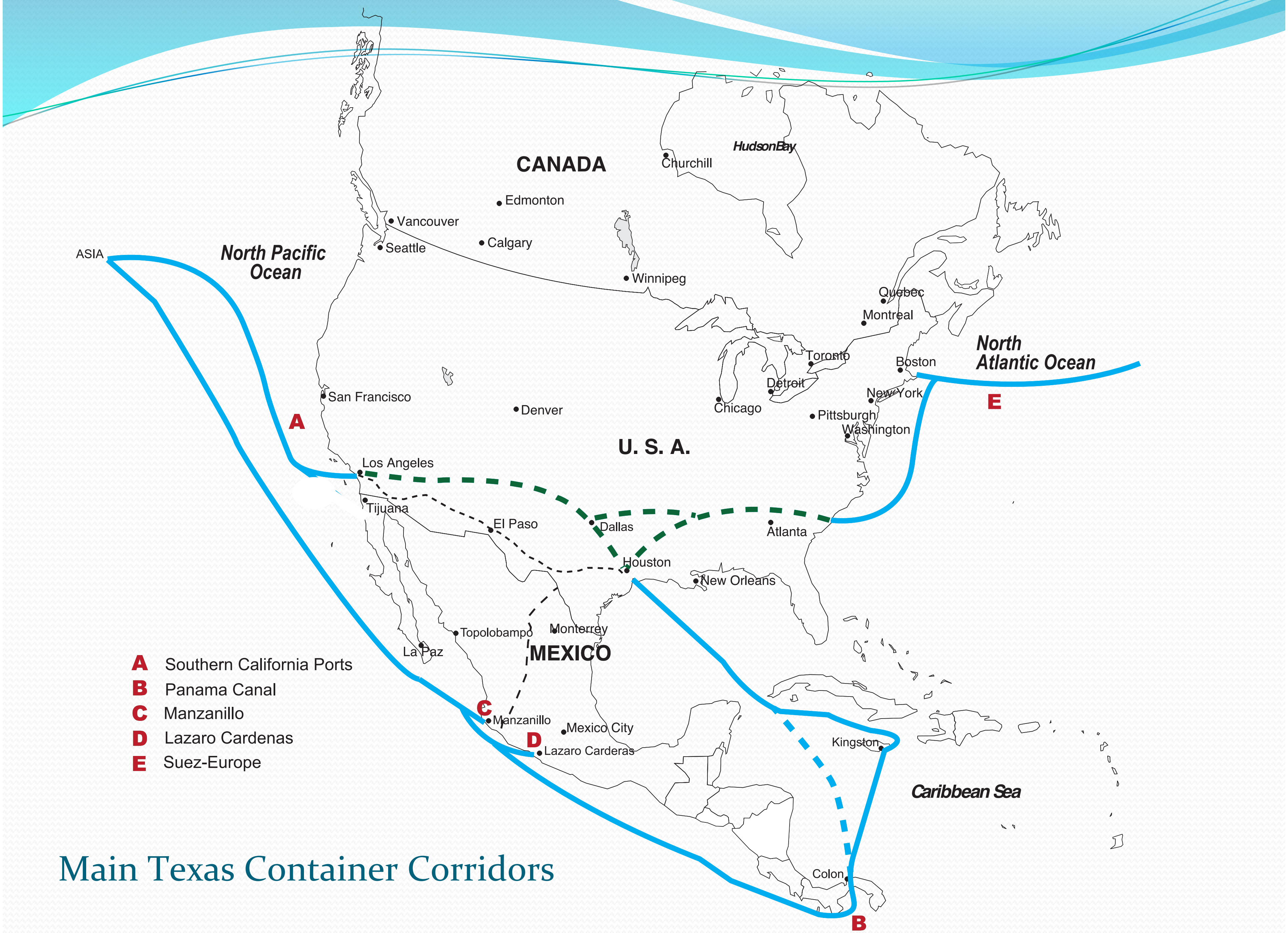
- GDP in 2010 Dollars
- California 13.1%; Texas 8.3%; New York 8.0%
- Texas has more transportation corridors
- Critical national role – TxDOT
- Gateways, corridors and hubs
- Two Megaregions
- Class 1 Rail networks and strategies reflect a system-wide planning

Texas Imports and Exports

- 2010 Census Data - $ Billion
- Imports $ 207 (16% US Total)
- Exports $ 265 (14 % US Total)
- Aggregate $ 472, California $ 470
- Modal corridors: pipelines, highways, rail, deep water ports, intra-coastal waterway, air freight
- These combine to form the domestic supply chains and hubs driving big freight flows

Global Trade

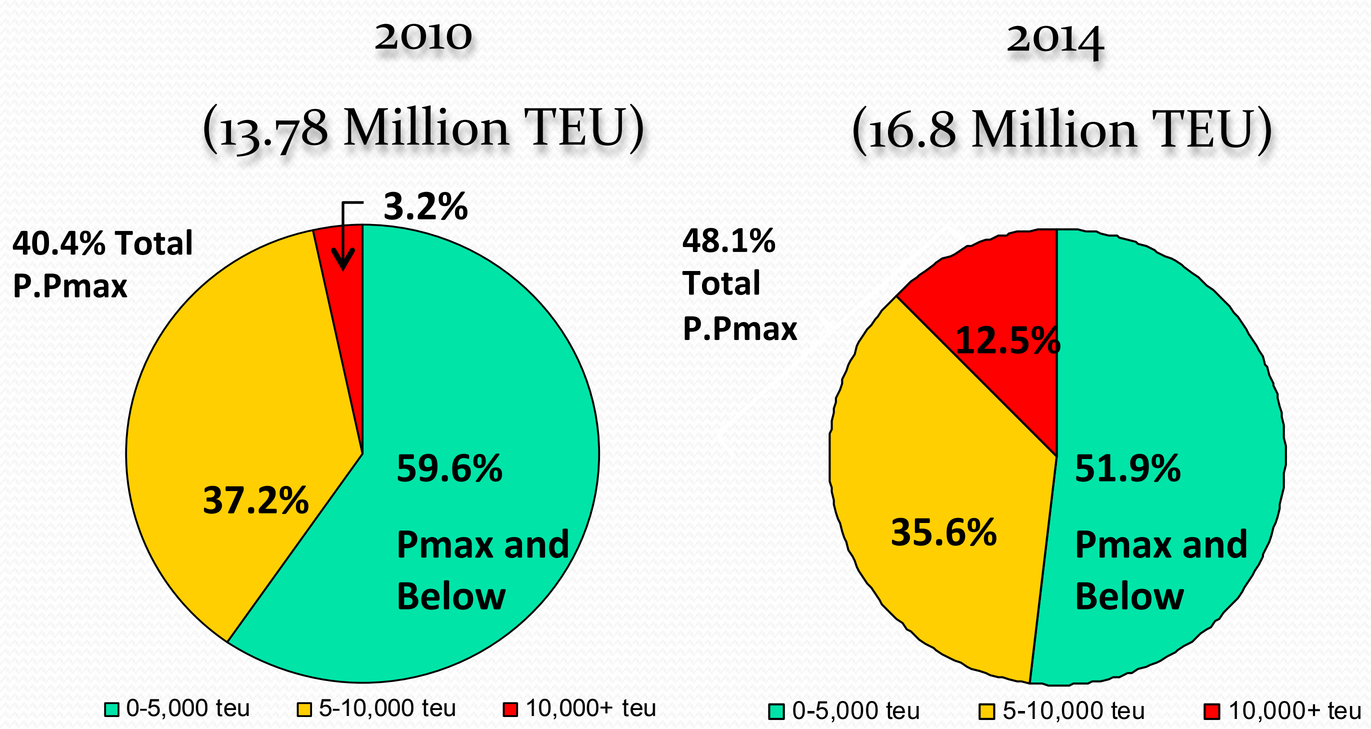
- 1990s NAFTA was a US and Texas Focus
- 2000-2012 Global Trade becomes significant and impacts US and Texas trade corridors at several deep water ports and air hubs
- Larger Panama Canal locks raise efficiencies for Savannah and Charleston, Florida, and Gulf Port Asian imports and exports
- Canal Authority claims it is a “game changer”



Main Texas Container Corridors

The Panama Canal - 2011

Container Fleet Capacity and Vessel Size Composition



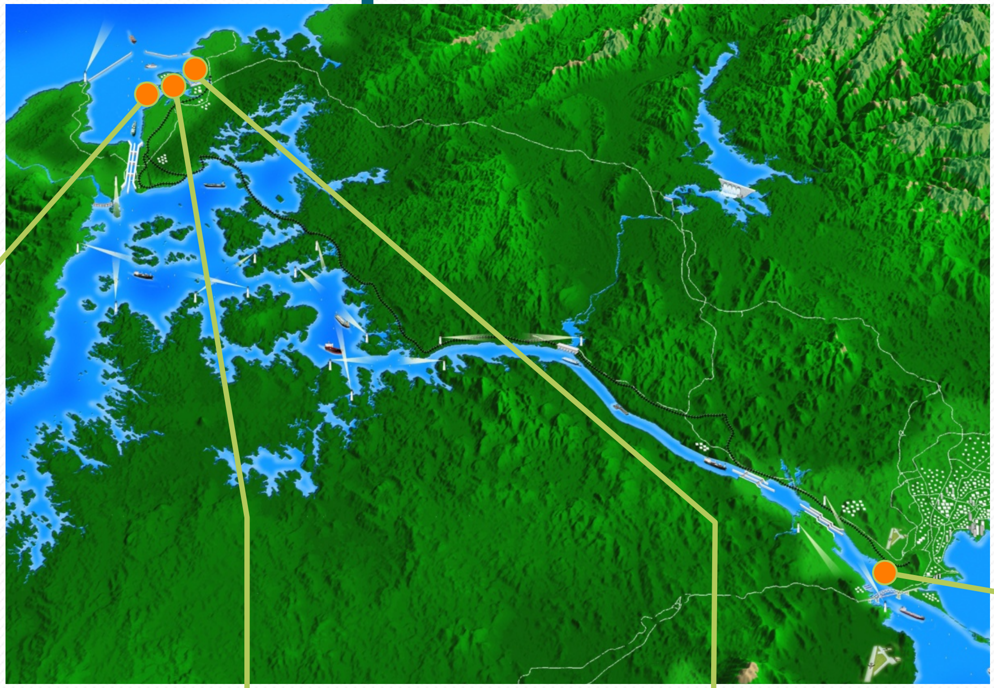
949 Panamax vessels
775 Post Panamax vessels

956 Panamax vessels
804 Post Panamax vessels

ACP, 2011


The Panama Canal - 2014
GAME CHANGER POTENTIAL

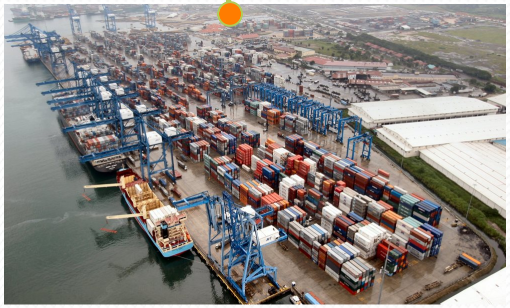
Port Development in Panama



1996: 235K TEUs
2010: 5.6M TEUs
2015: 8.4M TEUs(P)

Panama Ports Company – Cristobal

Colon Container Terminal

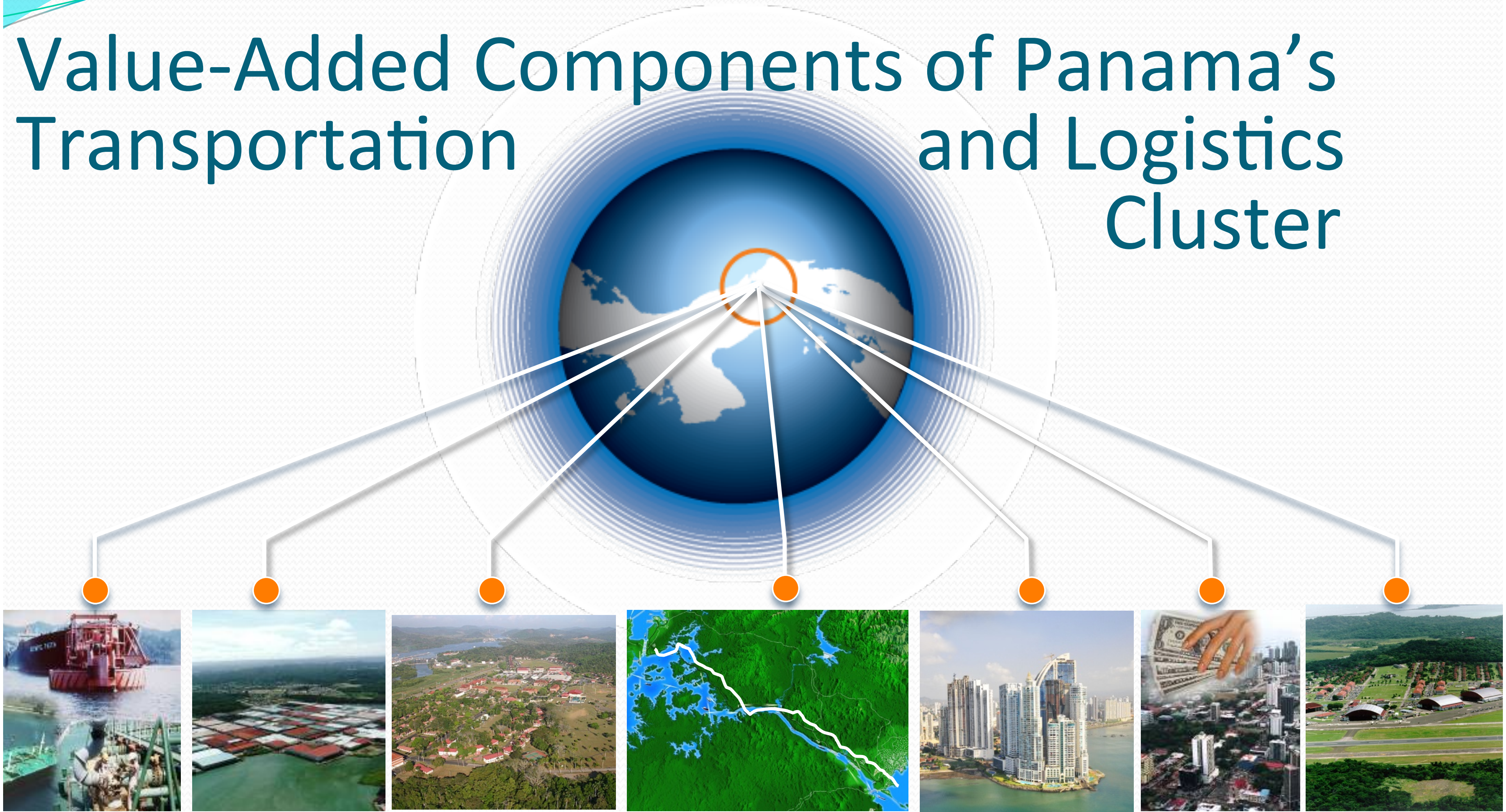


Manzanillo International Terminal (MIT)

Panama Ports Company - Balboa

ACP, 2011

Value-Added Components of Panama's Transportation and Logistics Cluster



ACP, 2011

Evolution of the world's largest containerships 1985-2011

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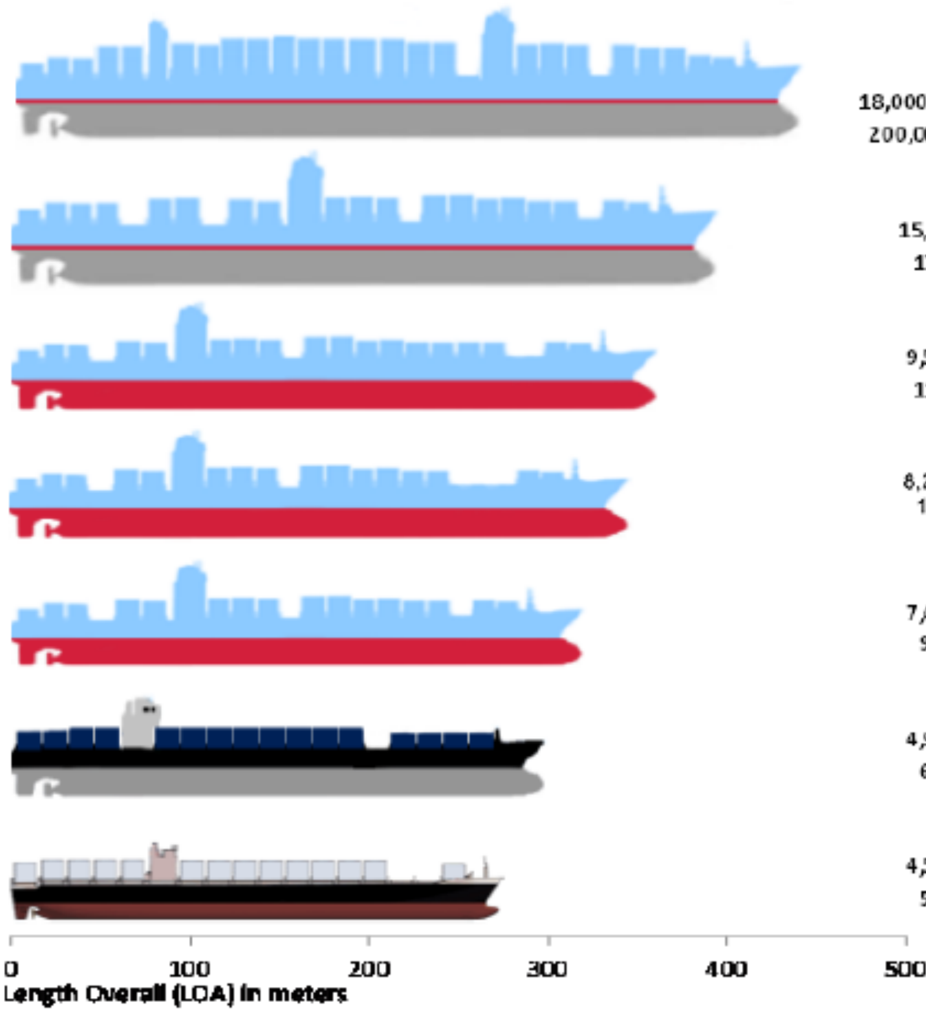
	TEU / tdw	LOA m	Breath m	Draft m
TBN 2014	18,000-20,200 TEU / 200,000-220,000	440	59.0	16.5
EMMA MAERSK 2006	15,200 TEU / 175,000	397	56.4	16.0
GUDRUN MAERSK 2005	9,500 TEU / 115,700	367	42.8	15.0
SOVEREIGN MAERSK 1997	8,200 TEU / 105,000	347	42.8	15.0
REGINA MAERSK 1997	7,403 TEU / 90,500	318	42.8	14.5
NYK ALTAIR 1994	4,953 TEU / 63,000	300	37.1	13.0
PRESIDENT TRUMAN 1988	4,538 TEU / 55,500	275	39.4	12.5



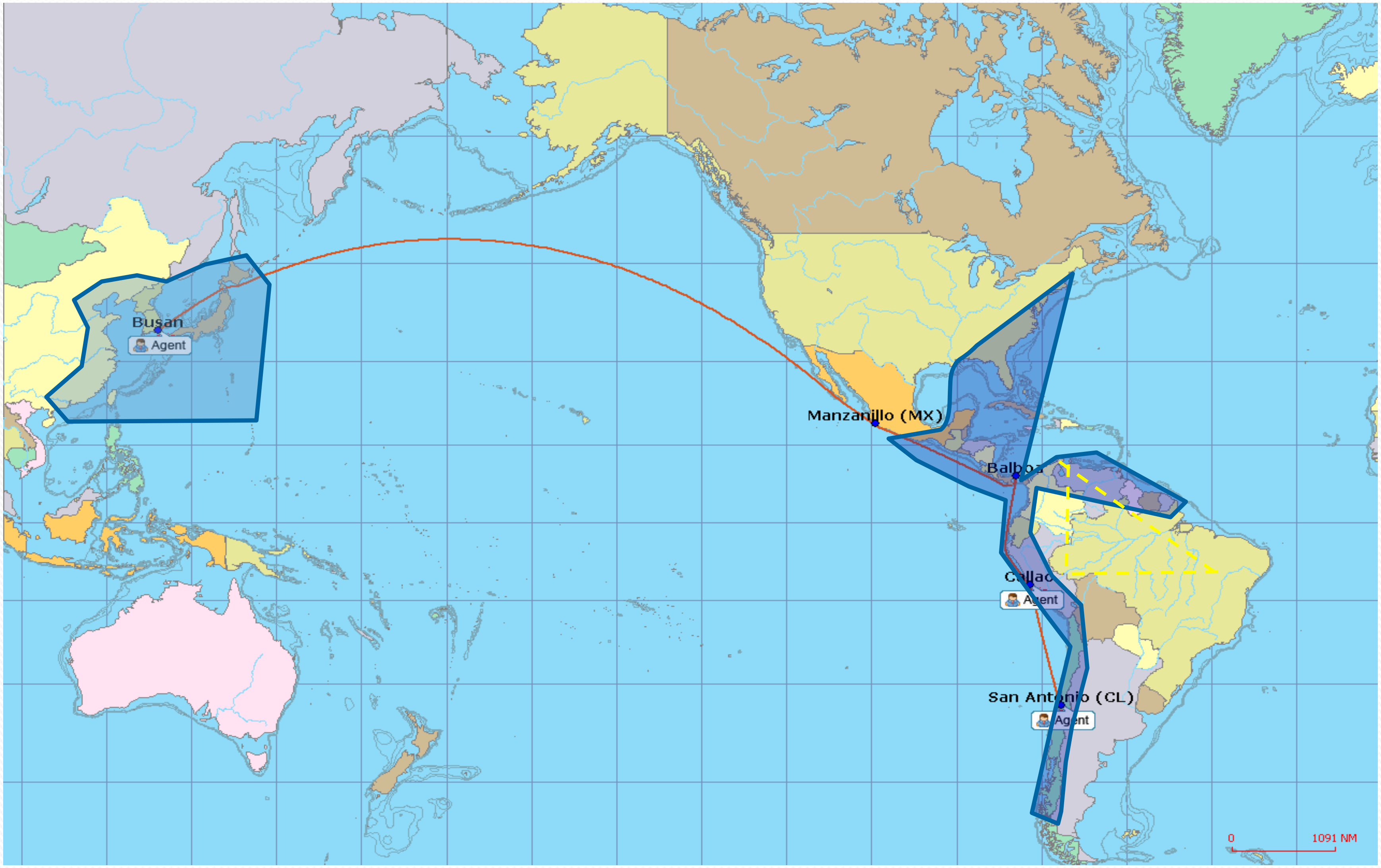
ACP, 2011

Is Texas Ready for the Bigger Canal?

- Construction on schedule
- Catalyst for the Panama economy – passage, hubs, bunker, value-added services
- It will enhance shipper choice and provide competition to other corridors serving Texas
- ACP forecast modest impacts for the early years
- Not just about containers – bulk will benefit

Demand for New Locks

- Demand – commodity flows
- ACP Fees
- Routes and port calls
- Containers – direct or transship?
- Gulf channel drafts limit post-Panamax size
- High level of interest and speculation as the 2014 date gets nearer


Busan
Agent
Manzanillo (MX)
Balboa
Callao
Agent
San Antonio (CL)
Agent
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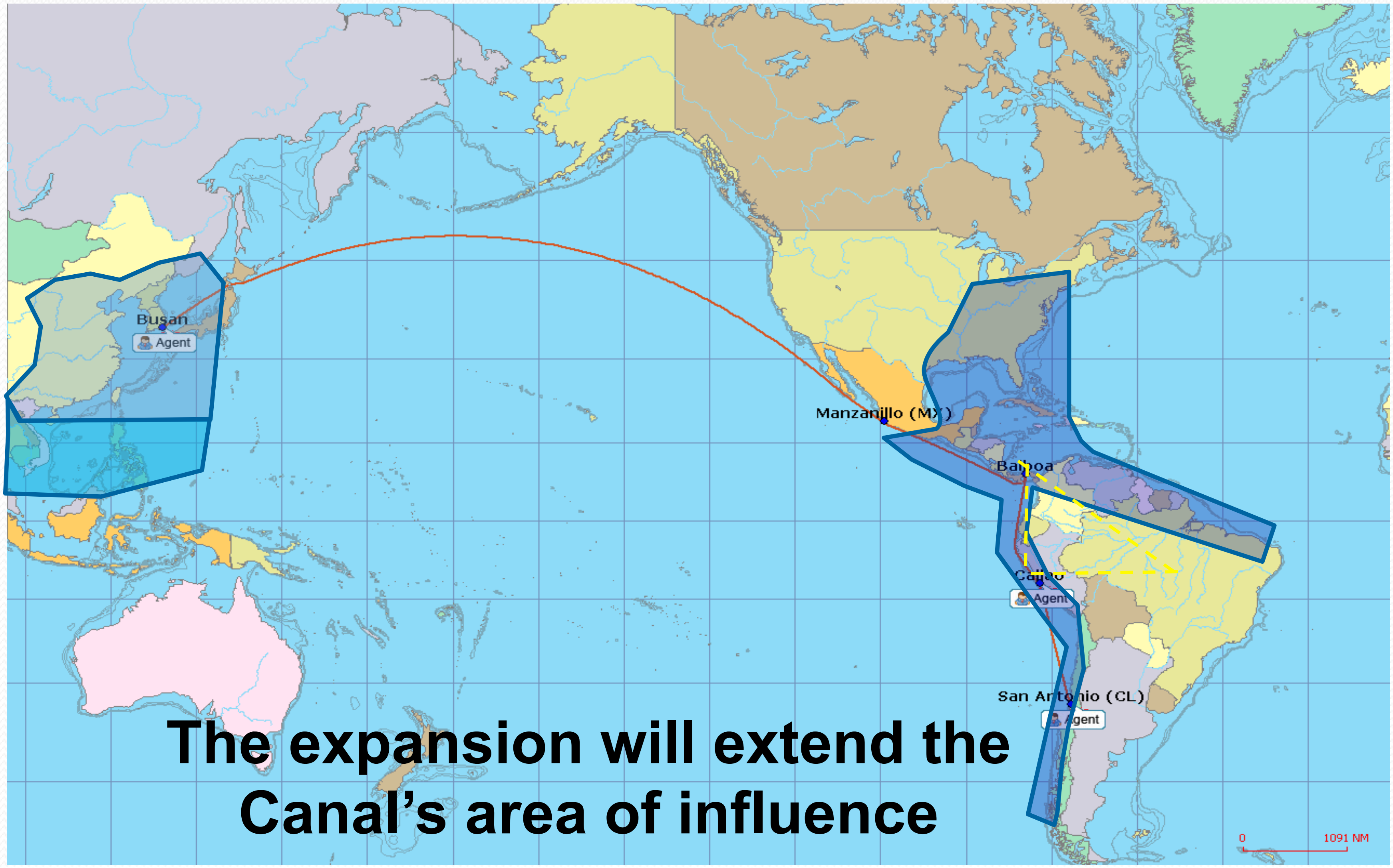
1091 NM

ACP, 2011



The expansion will extend the Canal's area of influence

ACP, 2011

TxDOT Planning for Panama Canal

- Partner with deep water ports, railroad companies and key canal users
- Monitor new services for bulk, break bulk and containers imports and exports
- Determine potential constraints: accessing ports (channels), terminal efficiencies and landside connections, both highway, rail and barge
- Short, medium and long term impacts

Is Texas Ready?

- Short term: Current facilities will serve the increases in trade volumes, but post-Panamax size limited to 45 ft. channel draft
- Medium term: Improved rail access to deep water terminals, planning new terminals near deep water with 50 ft. channels
- Long term: Diversion to other trade corridors if channels remain at 45 ft.
- Overall Texas is a trade beneficiary, especially for exports